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# PROBABLE DEVELOPMENTS IN THAILAND

*Submitted by the*

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*The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Department of State, the Army, the Navy, the Air Force, and the Joint Staff.*

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## S E C R E T

## PROBABLE DEVELOPMENTS IN THAILAND

## THE PROBLEM

To estimate the probable political developments in Thailand over the next year or two, with particular reference to its international orientation.<sup>1</sup>

## CONCLUSIONS

1. We believe that Thailand has entered a period of increased political restlessness and uncertainty. During the next year or two the chances are about even that the leaders of the ruling 1947 coup group will maintain a working relationship. Although there is a good chance that any change in government leadership would be accomplished by negotiation, the possibility of violence cannot be excluded. The most likely outcome of a major change in leadership would be Sarit's ascendancy to dominant leadership. We do not believe that the nature of Thai government or its domestic and foreign policies would change radically, at least in the short run, in the event of a shift in the top leadership. (*Paras. 10, 12, 14-16*)

2. Assuming continued high levels of US aid and firm indications of US intentions to defend Southeast Asia, during the period of this estimate Thailand will probably continue a generally anti-Com-

munist foreign policy, including association with the US in collective defense measures. However, we believe Thailand's leaders will continue to modify their past policy of unequivocal alignment with the US and will probably seek to develop a more flexible foreign policy, particularly in respect to relations with Communist China. The Thai leaders will probably continue to tolerate unofficial contacts with Communist China and will probably enter into some official commercial and cultural contacts as well. However, we believe Thailand will not recognize the Peiping regime during the next year or so unless Communist China is admitted to the UN. (*Paras. 23-24, 31-32*)

3. In the event of a Communist attack on Laos, Cambodia, or South Vietnam, we believe the Thai government would participate in military countermeasures only if assured of prompt commitment of US forces to the defense of the area. If such Communist military aggression were not opposed by SEATO forces, in particular by US forces, the Thai government would

<sup>1</sup> The internal political situation is discussed in Appendix A, the economic situation in Appendix B, and the military situation in Appendix C.

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almost certainly seek an accommodation with the Communist Bloc. If Communist control of one or more of these countries came about through subversion, Thailand

would probably move toward a neutralist position and seek to balance its relations with the Communist Bloc and the West. (Para. 33)

## DISCUSSION

### Introduction

4. Thailand, nominally a constitutional monarchy, is ruled by a military junta known as the 1947 coup group, which is dominated by Field Marshal Phibun Songkhram, Prime Minister; Field Marshal Sarit Thanarat, Minister of Defense and Commander-in-Chief of the Army; and General Phao Sriyanon, Minister of Interior and Police Director General. The king is important as a symbol but has little real power, the national assembly is dominated by the coup group, and the cabinet is composed almost entirely of ranking officers in the armed forces who are members of the group. Thus far the members of the coup group have managed to maintain a basic working relationship despite sharp factional rivalries.

5. Thailand has high living standards relative to its neighboring countries and a relatively stable, expanding, agricultural economy based on the production and export of rice and rubber. Most of the people are small landowners, and, except in depressed areas of the northeast provinces, economic conditions are not a major factor in popular attitudes toward the regime.<sup>2</sup> However, because of the corrupt practices of the coup group and its monopoly of economic and political power, public dissatisfaction has increased recently, especially in urban centers.

6. The Thai government has continued to cooperate with the US in following anti-Communist policies and has been a key Asian member of SEATO, which has its headquarters in Bangkok. However, developments during the past year or so suggest that the Thai leaders

are reassessing their policy of open and complete alignment with the US and have decided to pursue a more flexible foreign policy, particularly with respect to the development of contacts with Communist China.

### I. THE INTERNAL POLITICAL SITUATION<sup>3</sup>

#### Current Political Situation

7. The coup group has been characterized by the rivalry for power and economic spoils of its two major factions, an army faction led by Field Marshal Sarit and a police faction led by General Phao. Although Prime Minister Phibun probably has support within the armed forces, the principal basis of his strength has been his ability to maintain a relative balance between the Sarit and Phao factions.

8. The results of the February 1957 national assembly elections and the criticism of the regime during and after the election campaign were an acute embarrassment to the coup group. Phibun, who was responsible for the democratization program which permitted political parties to campaign freely, and Phao, who directed the government party's campaign and who was responsible for blatant interference in the tabulation of votes in Bangkok, lost considerable prestige within the coup group. In the postelection period when public dissatisfaction threatened to develop into large demonstrations, Sarit and his supporters took effective steps to preserve the government's position. Sarit was given command of all the armed forces and the police, and for a time virtually took over the reins of government.

<sup>2</sup> The economic situation is discussed in Appendix B.

<sup>3</sup> Recent internal political developments are discussed in more detail in Appendix A.

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9. Sarit's strength has grown, in part, because the US military aid program has increased the army's strength relative to that of the police. Furthermore, Sarit apparently now has the support of the so-called junior coup group which has emerged over the past two years as a major political force. This group of military officers, led by colonels and younger generals, provides an important link between the coup group and the battalion and company commanders. It is largely an unknown factor in terms of membership, leadership, and associations. Such unity as it has appears to be based largely on the common desire of its members for a greater share of the economic benefits, prestige, and power which accrue to those at the top.

10. During the postelection crisis, Sarit resisted what was apparently strong pressure to eliminate Phao and, perhaps, Phibun. The coup group leaders appear to have re-established, at least for the time being, an uneasy working relationship. In the new cabinet Sarit and Phao moved up from deputy ministers to Minister of Defense and Interior respectively—posts Phibun held in the preceding government. However, Sarit supporters were strategically placed as Minister of Finance and deputy to Phao in the Ministry of Interior. Thus Sarit appears at present to be the strongest member of the ruling triumvirate.

11. Phao, who has remained secretary general of the government party, is apparently still attempting to build a personal political machine. As part of his effort to cultivate left wing support, Phao, with Phibun's cooperation or approval, has opened the possibility that the popular former prime minister Pridi may return to Thailand from his long period of refuge in Communist China. Pridi appears to have retained considerable prestige in Thailand. Sarit is more favorably disposed toward the royal family and the proroyalists than either Phibun or Phao, and appears to be strongly opposed to Pridi's return. The conservative and proroyalist Democrat Party emerged from the elections as the strongest opposition party and has been reported as willing to cooperate with Sarit. Nevertheless,

Sarit is also seeking support from left wing elements to compete with Phao's influence in the national assembly.

### Probable Future Developments

12. We believe that Thailand has entered into a period of increased political restlessness and uncertainty in which the working relationship among the ruling triumvirate and within the coup group may be altered. Although the junior coup group will probably become an increasingly important element in the struggle for power, the principals will probably continue to be Sarit versus Phao. Phibun, in his effort to maintain a balance, will probably continue to seek to strengthen Phao's position, at least for the time being.

13. Leftist and rightist parties will seek to increase their popular followings and to develop ties with major coup group elements. The leftist parties will probably seek to cement a thus far tentative coalition. We believe that the national assembly will cause the government more difficulty than in the past and that demands for reform will increase. Although the coup group will probably make some gestures toward reform, it almost certainly will not stop exploiting the Thai government and economy for its own benefit. The government probably would be capable of once again suppressing political parties, but it is unlikely to risk such a step unless political opposition becomes very acute.

14. We believe that the chances are about even that the coup group leaders will maintain a working relationship for at least another year or so. The principal force for continued cooperation among the top leaders and within the coup group is the fear that an open break and struggle for power would jeopardize their privileged economic and political position and might also cause a loss of international prestige and, possibly, of US aid.

15. However, in view of the intensity of the present competition within the coup group, these restraints may be insufficient to maintain cohesion. If there is a major change the most likely outcome would be Sarit's ascendancy to a position of dominant leadership.

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There is a good chance that any such change would be accomplished by negotiations within the coup group. Phibun might be induced to retire to the role of elder statesman, or, disillusioned by the problems of maintaining leadership, he might progressively withdraw from his active role. However, we cannot exclude the possibility of a breakup in the ruling triumvirate involving the use of force. Although we believe it unlikely within the period of this estimate, it is also possible that the junior coup group might attempt to overthrow the senior members of the coup group.

16. In the event of a shift in the top leadership, we do not believe that the nature of Thai government or its domestic and foreign policies would change radically, at least over the short run. No matter which of the present leaders comes out on top, corruption will probably continue to be a major characteristic of the ruling group, the democratic process will probably continue to be controlled or limited, and the present tendency toward a more flexible foreign policy position and more extensive relations with Communist China will probably continue. The return of Pridi, should it occur, would probably be interpreted by most Thai as signifying an important change in the government's attitude toward international Communism, and would thus strengthen leftist political elements and tend to accelerate the extension of relations with Communist China.

17. We are unable to estimate the effect on Thailand's domestic policies or international orientation in the event the junior coup group should seize power.

## II. SUBVERSIVE ACTIVITY AND TRENDS

18. The Thai people as a whole continue to be unresponsive to Communist ideology. A very small Thai Communist Party probably exists, but there is no evidence of significant Communist penetration of the Thai government or military. However, there has been a marked increase in the number of articles in the press following the Chinese Communist and Soviet line—anti-American and anti-SEATO propaganda, stimulation of neutralist sentiments, and agitation for recognition of

and trade with Communist China. There are also indications of increased leftist activity in the universities.

19. We believe there is a Chinese Communist Party of 2,000 to 5,000 members operating among Thailand's three million overseas Chinese. These Chinese Communists have continued to exploit the attachment of Chinese to their homeland and the dissatisfaction resulting from Thai government restrictions on Chinese education and economic activities. Communist penetration has become most obvious in the Chinese language press. Communist efforts in Thailand to foster trade with Communist China have probably been facilitated by the involvement of some Chinese community leaders with Thai government officials in covert contacts between Thailand and Communist China. Although Communist China retains a "Thai Autonomous Area" in south Yunnan, there has been no real evidence of its use thus far as a base for subversive activity in Thailand.

20. An additional subversive potential rests in the Vietnamese minority of about 90,000, which includes about 50,000 refugees who fled the Indochina war zone, most of whom are oriented toward the Communist regime in North Vietnam. Communist organizers are active among these refugees, but their effectiveness has been decreasing as the refugees become more settled. The Vietnamese Embassy in Bangkok has begun a modest program to orient the refugees toward South Vietnam.

## III. SECURITY FORCES<sup>4</sup>

21. The Thai armed forces include an army of 92,000 men, an air force of about 350 aircraft and 25,000 men, a navy of 50 obsolescent, minor-combatant ships and 18,000 men, and a police force of 43,000 men. At present, the armed forces are capable of maintaining internal security. In the event of a major Chinese Communist invasion, with or without active military support by Communist North Vietnam, the Thai armed forces could probably

<sup>4</sup> Thailand's security forces are discussed in more detail in Appendix C.

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fight a delaying action for a period of 10 days to two weeks. The Thai, however, probably would seek accommodation with the Communists unless they were assured of timely and effective SEATO military support. Assuming current levels of training and military aid, the effectiveness of the Thai armed forces will increase moderately during the period of this estimate. However, such increased effectiveness would not prolong appreciably the period they could delay a Chinese Communist invasion.

#### IV. INTERNATIONAL ORIENTATION

22. The Thai government has continued to maintain a strong pro-US, anti-Communist orientation in its official statements and acts. It has generally supported the US position in the UN and other international forums and has continued to cooperate in SEATO activities. Despite a press widely critical of the US and of Thailand's close relations with the US, the Thai public generally continues to be friendly to the US. Some frictions have developed concerning the operation of the US aid programs and the sale of US rice in Asian countries under the PL 480 program. However, the Thai government continues to rely on US economic and military aid and relations between the two governments have continued to be close and friendly.

#### Relations with the Sino-Soviet Bloc

23. Over the past year or so the Thai government and its leaders have acquiesced in or engaged in activities which are in marked contrast to the Thai government's official and previously adamant stand against any contact with Communist China and which could facilitate eventual normalization of relations with Communist China. In June 1956, the Thai government announced that trade with Communist China in nonstrategic goods would be permitted and adopted a permissive, though outwardly discouraging, attitude toward travel to Communist China for trade negotiations. Subsequently, Thai leaders, to an increasing extent, have acquiesced in or sponsored contacts for trade purposes with Communist China by Thai and overseas Chi-

nese businessmen. Chinese-language newspapers and certain Thai newspapers in Bangkok, including some controlled by top government leaders, have given heavy play to the advantages of trade with Communist China and the disadvantages of economic dependence on the US. On occasion, these papers have gone beyond advocating trade with Communist China to extol the virtues of a neutral policy and to advocate eventual recognition of the Peiping regime. Increased Thai cultural contact with Communist China is manifested by the recent tour of Communist China by a large Thai dance group, relaxation of censorship against Chinese Communist movies, and publicity given the favorable reports of four Thai Buddhist monks who recently visited mainland China.

24. In officially opposing extension of contacts with Communist China while abetting it unofficially, the Thai leaders are probably motivated primarily by a lessening of anxiety in Thailand over the possibility of a Chinese Communist attack and a desire to reinsure against the possibility of a change in US policy toward Communist China. Moreover, the Thai leaders may hope to increase their bargaining power in obtaining US aid and support by actions suggesting a drift toward neutralism. It is also possible that the Thai leaders believe that minor deviations from US policy positions will illustrate their independence to other Asian nations and to their own people without disturbing significantly US-Thai cooperation. Personal profit is undoubtedly another major consideration. Both Phao and Sarit have close financial associations with overseas Chinese financiers and businessmen in Thailand who are interested in the China trade. Phao is known to have been involved in discussions in Hong Kong to explore the potentialities of trade with the mainland.

25. Thailand's attitude toward the Soviet Union has remained correct but aloof. In 1956 the two countries raised the status of their diplomatic missions to embassies. The Soviet representatives in Thailand have been increasingly friendly and approachable, but their attempts to establish closer trade relations have been politely rebuffed. The Thai

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government rejected a Soviet bilateral trade offer and has not acted on Soviet proposals for economic assistance or development of trade and economic relations. However, the Thai have been more receptive to increasing cultural contacts.

### Relations with Contiguous Countries

26. Thai-Burmese relations have continued to improve despite some lingering undercurrents of suspicion. Friction between Thailand and Burma over the activities of Chinese Nationalist irregulars in Burma is greatly reduced. Burmese Prime Minister U Nu and Thai Prime Minister Phibun have exchanged official visits. In October 1956 the two countries signed a treaty of friendship covering reciprocal rights and indicating an intention to conclude detailed treaties on trade, consular matters, cultural relations, and extradition.

27. Thai-Malayan relations are disturbed by a latent fear on the part of the Thai that an irredentist movement may develop in the southern Thai provinces where the population is predominantly Malay. This fear is increased by the prospects for Malaya attaining independence in August 1957. These provinces provide a considerable percentage of the rubber and tin which are Thailand's principal dollar earners. In the past, Malayan and British authorities have felt that the Thai police were not cooperating fully in the apprehension of Malayan Communist terrorists who periodically cross the Thai border for refuge, rest, and supplies. During the past year, after meetings between the Malayan and Thai police, cooperation on antiterrorist measures has improved somewhat.

28. Thai-Cambodian relations have been disturbed by Cambodia's closer relations with Communist countries, by a lingering Thai resentment over territorial losses to France which now form the western provinces of Cambodia, and by a Cambodian fear that Thailand may seek to regain the lost territories. Another irritant in Thai-Cambodian relations is the Thai failure to prevent Cambodian rebels, particularly Son Ngoc Thanh, from using Thailand as a sanctuary, and Cam-

bodian suspicion that Thai government leaders, especially Phao, have given direct support to these rebels. In May 1956 the Thai and Cambodian governments announced an agreement in principle covering Thai proposals on transit through Thailand of goods destined for Cambodia, improved trade, and establishment of a joint police frontier commission to delineate the frontier, but little has been done to implement the agreement.

29. The Thai have viewed with great concern Lao negotiations with the Communist Pathet Lao and the possibility of a Lao rapprochement with the Communist Bloc. The long Thai-Lao border is easy to cross and impossible for the Thai to police. The people on each side of the border are of the same ethnic group and have had close personal relations for generations. Under these circumstances, there are excellent opportunities for Communist infiltration and subversion of Thailand from a neutralist or pro-Communist Laos. The Thai government has indicated its willingness to cooperate in projects designed to strengthen the economy and defenses of Laos. Although some Lao police and army personnel have received training in Thailand and the Thai have cooperated in providing transit facilities to Laos, constructive implementation of most of these projects has been hampered by the inexperience and indifference of Lao government officers.

### Relations with Other Asian Countries

30. Although Thailand and the Republic of Vietnam are well disposed toward each other, they have few common interests on which to build close relations other than a mutual interest in the defense of Southeast Asia, and concern over Communist influence among Vietnamese refugees in Thailand. Thai and Vietnamese naval units have exchanged official visits, and President Ngo Dinh Diem plans to make an official visit to Thailand during 1957. There has been some improvement in Thai relations with the Government of the Republic of China since foreign minister George Yeh visited Bangkok in June 1956 and the arrival of a new GRC ambassador in September. Some suspicions persist, however, be-

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cause of activities of KMT groups in Thailand. Thailand and India maintain polite but distant relations, in part because the Thai mistrust Nehru's apparent aspiration for leadership of a neutralist Asian Bloc.

## V. PROBABLE TRENDS IN THAILAND'S INTERNATIONAL ORIENTATION

31. During the period of this estimate, Thailand will probably continue a generally anti-Communist foreign policy, including association with the US in collective defense measures, assuming continued high levels of US aid and firm indications of US intentions to defend Southeast Asia. However, we believe Thailand's leaders will continue to modify their past policy of unequivocal alignment with the US. The Thai government will probably seek to develop a more flexible foreign policy, particularly in respect to its relations with Communist China. As a hedge against a possible shift in the balance of power in Asia or a general recognition of Communist China, Thai leaders will probably continue to tolerate unofficial contacts with Communist China and will probably enter into some official commercial and cultural contact as well. If Thailand should be unable to dispose of its rice profitably in free world markets, it would probably be willing to conclude trade agreements with Bloc countries but would be unlikely to attempt a major shift of its foreign economic relations toward the Bloc.

32. We believe Thailand will not recognize the Peiping regime during the next year or two unless Communist China is admitted to the UN. In that event Thailand would almost certainly recognize Communist China and develop substantial economic and cultural rela-

tions between the two countries. Admission of Communist China to the UN probably would also stimulate neutralist tendencies in Thailand.

33. In the event of a Communist attack on Laos, Cambodia, or South Vietnam, we believe the Thai government would participate in military countermeasures, under SEATO auspices or otherwise, only if assured of prompt commitment of US forces to the defense of the area. If such Communist military aggression were not opposed by SEATO forces, in particular by US forces, the Thai government would almost certainly seek an accommodation with the Communist Bloc. If Communist control of one or more of these countries came about through subversion, Thailand would probably move toward a neutralist position and seek to balance its relations with the Communist Bloc and the West.

34. The Thai government will probably continue its efforts to retard the trend in Laos and Cambodia toward closer relations with the Communist Bloc. For the time being, the Thai will probably remain willing to continue military and police training assistance to Laos, but unless the Pathet Lao problem is handled on terms the Thai government considers satisfactory, the Thai will probably continue to be hesitant to develop coordinated defense planning with Laos.

35. Thai-Cambodian relations are not likely to become close, although an apparent willingness on both sides to avoid new controversies may bring a period of relative stability to relations between the two countries. Thailand will probably continue to seek improved relations with Burma and Malaya and closer relations with South Vietnam.

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Results of February 1957 elections for members of  
Thailand's National Assembly

<i>Party</i>	<i>Seats</i>	<i>Party Orientation and Leadership</i>
SERI MANANGKHASILA (SMP)	82	The Party of the coup group. Phibun is party leader and Phao is secretary general.
Democrat Party ..... (Prachatipat)	28	Led by Khuang Aphaiwong; usually identified with a proroyalist, prowest policy. Campaigned on domestic issues. An outstanding party between 1946 and 1951, it was dissolved and its leaders refused to participate in political affairs after parties were proscribed in 1951.
Free Democratic Party ..... (Seri Prachaitipatai)	11	Leftist party believed to have connections with Pridi supporters. It probably received some support from government leaders. Won all its seats in the northeast provinces. It advocated a neutral foreign policy and did not criticize the government during the campaign.
Might Is Right Party ..... (Thammathipat)	10	Originally formed by Phibun in 1947 and probably still his personal party. Can be considered a satellite of SMP.
Economist Party ..... (Settakorn)	8	Leftist party led by Thep Chotinuchit. Advocates neutral foreign policy, and domestic socialization.
Nationalist Party ..... (Chat Niyom)	3	Led by former associates of Pridi and reportedly controlled by Phao. Platform envisages a state in which the police play a major political role.
Hyde Park Movement Party ..... (Kabumakon Hyde Park)	2	Leftist party led by Pethai Chotinuchit, brother of leader of Economist Party.
Independence Party ..... (Issara)	2	Leftist party organized in northeast Thailand. It advocated a neutral foreign policy, recognition of Communist China "peaceful coexistence," withdrawal from SEATO, and acceptance of economic aid from all sources during the campaign.
Independents .....	14	
TOTAL .....	160	

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## APPENDIX A

## THE POLITICAL SITUATION

1. *Background:* The present regime came to power in November 1947 when a group of military officers including Generals Phao and Sarit overthrew the government, which was made up of supporters of Pridi Phanomyong. Pridi, a former prime minister and wartime leader of the Free Thai, fled Thailand to escape arrest and eventually took refuge in Communist China. Phibun, premier under the Japanese and, like Pridi, a member of the group which overthrew the absolute monarchy in 1932, was invited to become commander-in-chief of the armed forces, and a civilian cabinet under the premiership of Khuang Aphaiwong was formed. In April 1948, Phibun became prime minister and has remained in that office. From 1948 to 1951, Thai politics were characterized by a struggle between the military junta and the parliament dominated by Khuang's Democrat Party. In 1951, the junta revoked the royalist constitution of 1948, outlawed political parties, and reverted to the 1932 constitution which sharply reduced the power of the parliament and narrowed its representative base. Rigged elections for the national assembly were held, and the coup group obtained an overwhelming majority. Since then, its rule has been virtually unchallenged.

2. The 1947 coup group, or the Ratapaharn, includes about 400 individuals broadly speaking, most of them military officers. The hard core of the group consists of the senior military officers who engineered the 1947 coup. The coup group is divided into a series of shifting factions most of which tend to rally around the two major and rival elements led by Field Marshal Sarit and General Phao. Both of these leaders maintain the loyalty and support of their backers by a combination of patronage, intimidation, and bribery. They

obtain the large financial resources necessary to keep their factions in line through extensive commercial activities and corrupt practices in administering government funds. Although there appears to be personal animosity between Sarit and Phao, their rivalry is probably based primarily on a competition for power and the spoils of office.

3. An important element in the coup group is the number of younger generals and colonels, leaders of the so-called junior coup group. These officers are becoming dissatisfied with the way the senior coup group leaders are managing affairs and are impatient for the greater economic benefits, prestige, and power which accrue to those at the top. They maintain close contact with the battalion and company commanders and fulfill the important task of keeping the rank and file of the army in line. Most of the senior members of the coup group are well aware that this junior coup group is a potential threat to their positions, for they were once dissatisfied members of a similar group themselves.

4. Sarit's political strength rests primarily on the apparent support of the major part of the army and is due largely, at present, to the backing of the junior coup group. His position as commander-in-chief and now minister of defense enables him to reward loyal subordinates financially and by promotion. Phao's strength is based primarily on his control of the police<sup>1</sup> and the extensive sources of revenue he has developed as director general of the police and a member of the cabinet. The actual balance of strength between the army and police factions has been altered during the past several years, primarily as a

<sup>1</sup> The police are responsible for internal security, border patrol, and collection of intelligence.

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result of US military aid and assistance to Thailand. The army has been expanded to 92,000 men, in contrast to 43,000 police, and has received superior equipment and training. Its tanks give the army a special capability in any show of strength between the two major factions. Partly to offset the increasing influence and strength of Sarit and the army, Phao has used his position as secretary general of the government's party, the Seri Manangkhasila (SMP), to build up a personal political machine in the National Assembly and the provinces.

5. Prime Minister Phibun probably has some direct support from the navy, air force, and segments of the army and police. However, his political strength is based primarily on his ability to manipulate the various factions within the coup group so as to maintain a relative balance of power between the Sarit and Phao factions. Phibun was not a charter member of the 1947 coup group, though he was privy to its activities. The coup group made him prime minister in 1948 because of his experience and prestige and because he was the candidate most acceptable to all its various factions. Phibun has been and may still be the key figure in the political situation. At times he has appeared to join forces with Sarit to restrain Phao, whose ambitions periodically cause him to over-reach himself. In 1955, Phao spoke openly of getting rid of Sarit and appeared to be about to make a bid for the premiership. Subsequently Phibun, probably with Sarit's cooperation, took advantage of Phao's absence from the country to remove a number of Phao supporters from key positions and to cut off several of his sources of revenue, thus diminishing Phao's strength and influence.

6. Pridi was once the most popular political figure in Thailand. Despite his long period of residence in Communist China and charges by the 1947 coup group that he was implicated in the death of the prior king, he appears to have many supporters among nonmilitary political figures, the bureaucracy, left wing groups, and the general public. His influence

is especially pronounced in the northeast provinces. During the past year or two Phao and Phibun appear to have changed their earlier attitudes toward Pridi and they have spoken recently of the possibility of Pridi returning to Thailand. Sarit, however, appears to be strongly opposed to Pridi's return. Pridi was a left wing politician even before going to Communist China and he has permitted his name to be used by the Chinese Communists in their propaganda broadcasts. If Pridi does return to the Thai political scene, we believe he will probably use whatever influence he has to orient Thailand toward domestic socialism and international neutralism, and, in the latter respect at least, serve the interests of the Chinese Communists.

7. *The "Democratization" Program:* Phibun, to meet opposition demands and, perhaps, to legitimize the position of the coup group in the government, introduced a democratization program in September 1955. This legalized political parties for the first time since 1951, eased press censorship and government controls over public gatherings, and permitted relatively free discussion of national and international issues. However, the prohibition against Communist political activities was not lifted. In the following months, a large number of active and vocal political parties were formed and the regime was subjected to vigorous criticism and condemnation which apparently went far beyond the expectations of Phibun and the coup group. The government took action to restrain a few of its more vituperative critics, but it allowed the opposition forces to campaign relatively freely for the February 1957 elections. The coup group leaders probably believed they could prevent the development of any serious threat to their regime. The reappearance of political parties has added a new element to the Thai political situation.

8. *The February 1957 Elections:* In the elections, 962 candidates, including representatives of 13 political parties and some independents, competed for the 160 elective seats in the

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national assembly.<sup>2</sup> The government's Seri Manangkhasila Party (SMP) waged an extensive campaign making full use of the coup group's financial resources and control of the government's facilities. Despite its advantages, its strenuous campaign, and the blatant falsification of the election returns in Bangkok, the SMP won only 82 of the 160 contested seats.

9. The major opposition came from the Democrat Party led by former Prime Minister Khuang Aphaiwong, a middle of the road conservative who is generally proroyalist and pro-west. The Democrat Party campaigned on the issues of corruption in government and the undemocratic methods of the coup group. Although it lacked a strong national organization, was short of funds, and seemed to be eclipsed by the noisy campaigns of the left wing parties, the Democrat Party won 28 seats. Its candidates ran especially strong in Bangkok against nine members of Phibun's cabinet, including Phibun himself. The final returns gave the SMP seven and the Democrat Party two of the nine contested Bangkok seats. However, the election of at least two of the SMP's successful candidates, and perhaps of Phibun himself, was insured only by the apparent falsification of the election returns.

10. Four left wing parties won a total of 23 seats. They all campaigned vigorously for neutralist, anti-American, and anti-SEATO policies and this line was supported by much of the Bangkok press, even including papers owned or controlled by Phao, Sarit, and Phibun. However, the leftist parties refrained

from attacking the government, its leaders, or its domestic policies. We believe that this restraint was partly the result of covert financial assistance received from the coup group leaders and partly the result of fear of suppressive action by the government. The leftist parties won most of their seats in the economically depressed areas of the northeast provinces, which have been the stronghold of left wing politics and Pridi influence for many years. The leftist parties won no seats in Bangkok.

11. The immediate postelection period was marked by strong adverse public reaction to the SMP's high-handed campaign tactics, by accusations of fraud, and by threatened demonstrations of uncertain magnitude. At the same time, there developed a high degree of tension within the coup group and the government declared a state of emergency, probably as a precautionary measure. As campaign manager for the SMP, Phao was held responsible for the party's poor showing. As a result, he lost considerable prestige and authority within the coup group and was made the public scapegoat for the election irregularities. Sarit, who had remained in the background through the campaign, emerged from the confusion with increased strength and authority. Apparently, he took the initiative in devising government action to cope with the situation and restrained Phao from taking drastic action against opposition leaders which probably would have increased public unrest. During the emergency he was made commander of all elements of the armed forces and of the police, and for a time he appeared to dominate the government. Although Sarit apparently was under strong pressure from many of his supporters to oust Phao, he did not do so and an uneasy working relationship in the coup group was restored, at least for the time being. However, in the new cabinet a Sarit supporter, Worakan Bancha, was placed in charge of the important Ministry of Finance and another Sarit supporter, General Praphat, was made deputy to Phao in the Ministry of Interior. As a result of the elections and the postelection maneuvering, Sarit has emerged as probably the strongest member of the ruling triumvirate.

<sup>2</sup> According to the present Thai constitution, half the assembly is elected and half is appointed by the government. The elected half of the assembly was increased from 123 to 160 for the 1957 elections because of population increases. Before the election it had been anticipated that the government would appoint 49 new deputies—12 to fill vacancies and 37 to match the additional elected seats. However, in view of extensive public criticism of the coup group and its conduct of the election, and considerable opposition from the newly elected assembly members, including SMP adherents, the coup group has apparently decided, at least for the time being, to appoint only the 12 new deputies to fill the existing vacancies.

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## APPENDIX B

## THE THAI ECONOMY

1. Thailand has an agricultural economy based primarily on the production and export of rice and rubber. Thailand has vast undeveloped agricultural resources, but it lacks the raw materials necessary for major industrialization. Thailand's economic situation has improved considerably over the past few years. Per capita productivity and income have increased despite rapid population growth, and there is no substantial economic unrest except in the depressed areas of the northeast. However, Thailand maintains a defense establishment beyond its present economic capacity, and depends on outside financial assistance to offset balance of payments deficits and to maintain a moderate level of investment for economic development.

## Foreign Trade and Balance of Payments

2. Thailand's economic condition depends largely on world market prices for rice, rubber, and tin, which provided about 41, 22, and 7 percent respectively of its foreign exchange earnings in 1956. Taxes and duties on rice exports provide about 20 percent of the Thai government revenues and, consequently, Thailand is particularly sensitive to fluctuations in the international rice market and to the sale of US rice in Asia under the PL 480 program for disposing of surplus agricultural products.

3. There has been no major change in the direction or nature of Thailand's foreign trade over the past two years. More than half of Thailand's trade continues to move in the Far East. The US takes about 25 percent of Thailand's exports, including practically all its rubber. Thailand's imports from the sterling area increased from 24 percent of total in 1954 to about 45 percent in 1956, causing about a \$22 million trade deficit with the sterling area, largely because of increased imports from Hong Kong of goods most of which probably

originated in Japan. Japan has recently indicated intentions of promoting closer economic relations through investments in Thai mining and other industries. However, any significant expansion of Thai trade with Japan will continue to depend to a large extent on the size of Japanese rice purchases.

4. From the Korean War until mid-1956, the Thai government maintained a complete embargo on trade with Communist China and virtually banned trade with the rest of the Bloc. In 1955, Thai exports to the Bloc were less than \$100,000, but in 1956 they rose to \$1.2 million due primarily to large shipments of tobacco to Communist China. Imports from the Bloc, largely from Czechoslovakia, have been averaging about \$1 million per year over the past several years, or less than one percent of Thailand's total import trade.

5. In June 1956 the Thai government announced that exports of nonstrategic goods to Communist China would be permitted, thus partially ending its total embargo. This action was partly in response to pressures on the government by certain Thai and Chinese businessmen, government officials, and segments of the press. These domestic pressures were reinforced by trade overtures to individual Thai firms by various Bloc countries. It is probable that the Thai government also had in mind the possibility of selling rice to the Bloc if surpluses unmarketable in the free world should accumulate as they did in 1954. Although exports to Communist China have not increased significantly, except for the shipments of tobacco, there has been an increase in the import of consumer goods produced in Communist China.

6. Thailand's balance of payments position has improved. By the end of 1956, its gold and foreign exchange reserves had climbed to \$310 million from a low of \$259 million in 1954.

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Much of this increase was made possible by drawing on foreign grants and credits.

### Economic Problems

7. Inflationary pressures in Thailand persist. The cost of living index rose by six percent in 1955 and three percent in 1956. The annual increase in national output has been only slightly above the level necessary to keep pace with increasing population. The major causes of inflationary tendencies are the increase in foreign exchange reserves and the continuing budget deficits. The government expenditures of about \$300 million in 1956 were about \$37 million in excess of domestic income. Although Thai authorities have indicated they are aware of the dangers of inflation, they have done very little to cope with the problem.

8. Economic development in Thailand is hindered by shortage of capital and a lack of managerial and technical skills. Furthermore, Thailand has no coordinated economic development program and its economic growth has varied widely in different fields. Progress in economic development is most apparent, at present, in the improvement and expansion of the railway and highway systems. In the depressed northeast region, water supply has been improved by a system of reservoirs and mobile pumping units which provide supplemental irrigation to approximately 200,000 acres. In 1956, the Chainat irrigation project was virtually completed. This project, which was financed in part by an \$18 million IBRD loan, is expected to add about 500,000 tons annually to Thailand's rice exports, which totaled 1,300,000 tons in 1956. Thailand is negotiating with the IBRD for help in financing a large hydroelectric project at Yan Hee.

9. Although Thai government investments for economic development have been increasing and amounted to 20 percent of its total disbursements in 1955 and 1956, Thailand de-

pends heavily on foreign assistance largely provided by the US under the ICA program. Through 1956, US economic and technical aid obligated to Thailand totaled \$108 million of which \$70 million was expended.

10. Thailand's economic problems are intensified by the commercial activities of high government officials. The government policy of giving special protection and favors to industries having government officials among their stockholders or directors contributes to inefficiency and uneconomic investment. Prime Minister Phibun has made a limited attempt to curtail the corrupt practices of government officials engaged in private business or active in government corporations. Although he managed to effect some reforms, his program appears to have made very little progress.

### Economic Prospects

11. Assuming continued external aid at approximately present levels, Thailand's prospects for the next year are good. A near-record rice crop is in prospect for 1957, and Thailand will probably be able to market all or most of its stocks without difficulty. Manufacturing activities, though of small scale and limited to light industry, will probably increase as a result of government and private investments. There will probably be a modest improvement in per capita income, despite the increasing population. Although inflationary pressures will probably continue, we believe they will not seriously endanger Thailand's economic prospects over the next year or create strong popular pressures for change in the country's domestic or international political orientation. We believe during the period of this estimate there will be some increase in Thailand's trade with the Bloc, particularly with Communist China. However, the Thai government will probably limit such trade to nonstrategic goods and seek to keep it within limits which would not endanger Thailand's relations with the US.

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## APPENDIX C

## THE THAI SECURITY FORCES

## The Royal Thai Army

1. The Royal Thai Army, with a strength of 92,000, is organized into three infantry divisions, one cavalry (mechanized) division, one antiaircraft artillery division, one regimental combat team, and miscellaneous support and service elements. Its morale and discipline are good.

2. The major reorganization of the Thai Army undertaken in mid-1956 is now nearing completion. Nine of the 10 regimental combat teams have been reorganized as 3 infantry divisions, each with field artillery and cavalry components. A period of 12 to 18 months will be required for training before the newly formed divisions are capable of functioning effectively at the divisional level. Ultimately this reorganization will probably cause a moderate improvement in the Army's overall effectiveness and capability.

3. Despite the recent improvement in the organization of the army and the substantial improvement in combat effectiveness over the past several years, several major weaknesses still exist.

Combat effectiveness remains limited by a lack of operational experience, an insufficiency of field and higher echelon training, and ineffective logistic support plus transportation networks which could not adequately handle wartime military movement. Also, interservice rivalry, based largely on political differences, is so intense at the highest levels that coordination, except for relatively insignificant matters, can be obtained only at the level of the Minister of Defense or the Prime Minister.

4. The National Police Force, with a personnel strength of about 43,000, is a quasimilitary force responsible for internal security, border control, and the collection of intelligence. The border defense units of the Thai police have received a considerable amount of training in defense and guerrilla warfare tactics. However, their present capabilities for border patrol are inadequate. Their general effectiveness is hindered by their corruption, involvement in politics and venality. Although the Thai police are currently capable of maintaining internal security, their general level of efficiency probably would be inadequate to cope with a significant increase in subversive activities.

## The Royal Thai Navy

5. The Royal Thai Navy has approximately 18,000 officers and men, including about 3,000 marines. It now has 32 patrol vessels (2 DE, 8 PF, 1 PCE, 7 PC, 9 SC, 3 PGM, and 2 BMR), 6 mine vessels (2 MMC, 3 MSC (O) and 1 MSF), 13 amphibious vessels, 16 auxiliary vessels, and 19 service craft. The navy is capable of patrol, mine warfare and limited antisubmarine warfare in the Gulf of Siam, but it is not capable of operating against a modern navy. It is also capable of providing transport and support to the marines (and to a lesser extent, the army) in fighting along internal waterways, though it has had little training in this type of warfare. Maintenance of ships is poor and few ships are capable of extended operations. The navy depends on foreign sources of supply for fuel, spare parts, and most other industrial products.

6. The Royal Thai Marine Corps with approximately 3,000 men is organized into 8 battalions. The marines are comparatively

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well equipped and their morale is high. A number of Thai marine officers have received training in the US.

### The Royal Thai Air Force

7. The Royal Thai Air Force has a military and civilian personnel strength of about 25,000, including some 470 trained pilots. It has about 350 aircraft, including approximately 125 fighters of which 12 are F84G jets and nine are T33 jet trainers. The remaining fighter aircraft are almost all F8F piston fighters which are being replaced by F84G jets at the rate of two or three per month. Although RTAF combat effectiveness is improving and it is an effective air force in comparison with those of neighboring Southeast Asian countries, no squadron is now combat ready and combat capacities are extremely low by US standards.

8. The RTAF has a limited capability to engage in air to ground combat, to participate in joint air/ground operations, to perform armed reconnaissance, and to perform limited airlift operations (approximately 200 troops). It has the capability to provide important assistance to the army and police in maintaining internal security. RTAF capability to contribute to the defense of the country against external aggression involving a modern air force would be slight within the next year or two.

9. Some major weaknesses of the RTAF are poor maintenance, a shortage of maintenance facilities, inexperienced junior officers, over-centralized command, and factionalism among the officers resulting from rewarding the politically faithful rather than the professionally competent with promotion and economic favors. RTAF training has progressed steadily, but slowly. Major training deficiencies include shortage of competent instructors, shortage of training aids, excessive time devoted to basic schooling to the detriment of technical specialties, and undue stress on theory with insufficient stress on practical work and application. The existing air force reserve is not organized and has no training program. It was trained on piston type aircraft, and its usefulness will become more and more limited as the RTAF converts to jets.

10. Thailand has 36 airfields and one seaplane station. Although the air facility system is poorly developed and vulnerable to espionage and sabotage, it is considered adequate for limited internal security operations using non-jet fighters in support of the army and police. Only four airfields now have good or limited potential for jet operations. Considerable improvement in the Thai air facilities should be completed by mid-1959 through US-supported construction programs which will provide eight well-located and completed air bases with one, Don Muang, near Bangkok, capable of sustained jet medium bomber operations.

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